



Treasury Inspector General for Tax Administration

FISCAL YEAR 2007 STATUTORY REVIEW OF RESTRICTIONS ON DIRECTLY CONTACTING TAXPAYERS

Issued on July 13, 2007

Highlights

Highlights of Report Number: 2007-40-118 to the Internal Revenue Service Deputy Commissioner for Services and Enforcement.

IMPACT ON TAXPAYERS

The Omnibus Taxpayer Bill of Rights created a number of safeguards to protect taxpayers being interviewed by an Internal Revenue Service (IRS) employee as part of an examination or collection action. IRS employees are required to stop an interview if the taxpayer requests to consult with a representative and may not bypass a representative without supervisory approval. Neither the IRS nor TIGTA could readily identify cases in which the taxpayer requested a representative or the IRS improperly bypassed the representative. Of the limited number of complaints received related to this issue, there were none in which the facts of the case indicated the IRS employee did not comply with the taxpayer's request to consult with a representative or improperly bypassed the representative.

WHY TIGTA DID THE AUDIT

This audit was initiated because TIGTA is required to annually report on the IRS' compliance with Internal Revenue Code Sections 7521(b)(2) and (c).

The IRS Restructuring and Reform Act of 1998 required the IRS to revise *Your Rights as a Taxpayer* (Publication 1) to inform taxpayers of their rights (1) to be represented at interviews and (2) to suspend an interview pursuant to Internal Revenue Code Section 7521(b)(2). *Senate Committee on Finance Report 105-174* (dated April 22, 1998) stated that Congress believes taxpayers should be more fully informed of their rights to representation in dealing with the IRS and those rights should be respected.

WHAT TIGTA FOUND

The IRS Internal Revenue Manual provides employees with guidance to help ensure compliance with the direct contact provisions. In addition, the IRS has informed taxpayers of these rights through issuance of various IRS publications. TIGTA could not determine whether

IRS employees followed proper procedures to stop an interview if the taxpayer requested to consult with a representative. Neither the IRS nor TIGTA could readily identify cases in which the taxpayer requested a representative or the IRS contacted the taxpayer directly and bypassed the representative.

One way to identify possible violations of these taxpayer rights is to determine if taxpayers have complained that an IRS employee intentionally denied them their right to representation or bypassed their representatives without proper approval. Taxpayer complaints that allege IRS employees bypassed their representatives and contacted them directly are tracked by the TIGTA Office of Investigations. The TIGTA Office of Investigations closed seven direct contact complaint cases, involving six IRS employees, between October 2005 and September 2006. In all seven cases, the Office of Investigations determined the facts did not support the opening of a criminal investigation for any violation of the law.

WHAT TIGTA RECOMMENDED

Because this was a positive report and TIGTA made no specific recommendations, comments from the IRS were not required.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full IRS response, go to:

<http://www.treas.gov/tigta/auditreports/2007reports/200740118fr.pdf>.

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